



WOSK'S LTD.

Annual Report 1972

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Head office:
350 S.E. Marine Drive, Vancouver 15, B.C.

Bankers:
Bank of Nova Scotia

Auditors:
Thorne Gunn & Co.

Transfer Agents and Registrar:
Montreal Trust Company
466 Howe Street, Vancouver 1, B.C.

Directors of Wosk's Ltd. in 1972



Left to right . . .

Sam Bass, Cal V. Hutchinson, Jack Diamond,
Ben Wosk, Capt. H. J. C. Terry, Larry Wosk,
Ralph M. Barford and Carol Kayla Young.

Comparative Highlights

	December 31, 1972	December 31, 1971 (re-stated)	% Change
Sales and Other Revenue	\$15,672,080	\$12,586,304	+ 25.0
Earnings before Income Tax	680,094	621,276	+ 9.5
Net Earnings	402,794	359,276	+ 12.1
Per Share	\$.54	\$.48	+ 12.5
Total Assets	27,018,813	18,118,265	+ 49.1
Shareholders' Equity	4,454,520	4,051,726	+ 10.0
Employees (at year end)	493	308	+ 60.0



1972 was a year of continued growth for Wosk's Ltd. Sales increased from \$12,586,304 to \$15,672,080. In fact, over the last five years your company's sales and revenue have more than doubled.

We are very proud of our progress and have high expectations that this growth will continue at an even greater pace. In November, 1972, your Company purchased Nat Bailey's Villa Burnaby — a fine hotel. It has been granted a franchise from the Sheraton organization and will now be known as the Sheraton-Villa Inn.

The Sheraton-Plaza 500 Hotel is doing business far beyond our projections. The Sheraton-Landmark did not open during 1972 as planned, due to the delay caused by the nation-wide elevator strike. At the time of writing the strike is not yet settled, but we hope it will be in the near future. However, some facilities in the hotel were opened on January 26, 1973.

With the operation of the three hotels in Greater Vancouver, we expect a good share of the hotel business in this area. Your Company is looking for other locations in British Columbia for expansion in the same field. With our Sheraton franchise, and the fact that people in general have more time to travel, we are convinced that the hotel business in British Columbia has a great future.

Our Retail Division has shown a steady increase in sales. No new outlets were opened during 1972. However, we are pursuing a course of expansion, and when we find the right locations our network of stores will grow.

Several acquisition opportunities were advanced and investigated during the year. We will continue to take opportunities which will return sufficient earnings on our investment and further strengthen your Company. We confidently expect the current strong economic growth will continue in 1973.

And finally a word of thanks to our employees for their contribution to the growing success of Wosk's Ltd. in 1972. Their loyalty and performance are much appreciated.

On Behalf of the Board,

BEN WOSK,
President.

President's Message





People . . . The Heart of Wosk's

In a busy, growing company the key element is people. So it is at Wosk's. In every phase of operation our numbers are growing rapidly but the calibre remains the same. Our people set high standards for themselves. The customers in our stores, the guests in our hotels, appreciate the difference this attitude creates. People . . . the heart of Wosk's.

Consolidated Balance Sheet at December 31, 1972

(with comparative figures at December 31, 1971)

WOSK'S LTD. and Subsidiary Company

(Incorporated as a public company under the laws of British Columbia)

ASSETS

CURRENT ASSETS

	1972	1971 (restated— note 2)
Cash - - - - -	\$ 446,322	\$ 364,358
Accounts receivable - - - - -	5,653,758	5,189,173
Income taxes recoverable - - - - -	38,548	47,066
Inventory of merchandise at lower of cost and net realizable value - - - - -	2,969,375	2,685,655
Prepaid expenses - - - - -	45,552	11,796
	<u>9,153,555</u>	<u>8,298,048</u>

LAND HELD FOR FUTURE DEVELOPMENT, at cost - - - - -	900,184	429,641
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FIXED ASSETS (note 2)

Buildings and equipment, at cost - - - - -	14,170,987	7,072,961
Less accumulated depreciation and amortization - - - - -	592,570	337,603
	<u>13,578,417</u>	<u>6,735,358</u>
Land, at cost - - - - -	3,386,657	2,655,218
	<u>16,965,074</u>	<u>9,390,576</u>

Approved by the Board:

BEN WOSK, *Director*

CAPTAIN H. J. C. TERRY, *Director*

<u>\$27,018,813</u>	<u>\$18,118,265</u>
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LIABILITIES

CURRENT LIABILITIES

	1972	1971 (restated— note 2)
Bank loans (note 3) - - - - -	\$ 5,100,000	\$ 5,500,000
Notes payable - - - - -	50,000	50,000
Accounts payable and accrued liabilities - - - - -	1,636,763	1,480,174
Principal instalments due within one year on long-term debt - - - - -	375,000	220,000
	<u>7,161,763</u>	<u>7,250,174</u>

LONG-TERM DEBT

Bank loans (note 3) - - - - -	11,725,805	3,734,652
Mortgages payable (note 4) - - - - -	2,710,035	2,454,323
Notes payable (note 4) - - - - -	366,688	366,688
	<u>14,802,528</u>	<u>6,555,663</u>

DEFERRED INCOME TAXES (note 5) - - - - -	600,000	260,700
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MINORITY INTEREST IN SUBSIDIARY COMPANY - - - - -	2	2
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SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized		
2,000,000 Common Shares without par value, maximum issue price \$7		
Issued		
750,000 Common shares - - - - -	1,682,500	1,682,500
RETAINED EARNINGS - - - - -	2,772,020	2,369,226

	<u>4,454,520</u>	<u>4,051,726</u>
	<u>\$27,018,813</u>	<u>\$18,118,265</u>

LONG-TERM LEASES (note 6)

Consolidated Statement of Income

Year Ended December 31, 1972 (with comparative figures for 1971)

WOSK'S LTD. and Subsidiary Company

	1972	1971 (restated— note 2)
REVENUE		
Sales, net of refunds and allowances - - - - -	\$14,609,645	\$11,641,014
Interest earned on instalment sales and sundry income - - - - -	1,062,435	945,290
	<u>15,672,080</u>	<u>12,586,304</u>
EXPENSES		
Cost of goods sold, selling and administrative expenses before undernoted items (note 7) - - - - -	14,242,184	11,608,042
Interest on long-term debt - - - - -	484,984	229,071
Depreciation and amortization (note 2) - - - - -	264,818	127,915
	<u>14,991,986</u>	<u>11,965,028</u>
Income before income taxes - - - - -	680,094	621,276
Income taxes (note 5)		
Current (recoverable) - - - - -	(62,000)	65,000
Deferred - - - - -	339,300	197,000
	<u>277,300</u>	<u>262,000</u>
NET INCOME FOR THE YEAR - - - - -	<u>\$ 402,794</u>	<u>\$ 359,276</u>
EARNINGS PER SHARE - - - - -	<u>\$.54</u>	<u>\$.48</u>
EARNINGS PER SHARE, as reported in 1971 - - - - -		<u>\$.46</u>

Consolidated Statement of Source and Application of Funds

Year Ended December 31, 1972 (with comparative figures for 1971)

WOSK'S LTD. and Subsidiary Company

	1972	1971 (restated— note 2)
SOURCE OF FUNDS		
Net income for the year - - - - -	\$ 402,794	\$ 359,276
Items not involving current funds		
Depreciation - - - - -	264,818	127,915
Deferred income taxes - - - - -	339,300	197,000
	<u>1,006,912</u>	<u>684,191</u>
Increase in mortgages payable - - - - -	255,712	844,543
Increase in bank loans - - - - -	7,991,153	3,734,652
	<u>9,253,777</u>	<u>5,263,386</u>
APPLICATION OF FUNDS		
Additions to fixed assets and land held for future development - - - - -	8,309,859	5,106,890
INCREASE IN WORKING CAPITAL - - - - -	943,918	156,496
WORKING CAPITAL AT BEGINNING OF YEAR - - - - -	1,047,874	891,378
WORKING CAPITAL AT END OF YEAR - - - - -	<u>\$ 1,991,792</u>	<u>\$ 1,047,874</u>

Consolidated Statement of Retained Earnings

Year Ended December 31, 1972 (with comparative figures for 1971)

	1972	1971 (restated— note 2)
Balance at beginning of year		
As previously reported - - - - -	\$ 2,333,048	\$ 1,986,687
Adjustment of prior year's depreciation, less \$36,000 (\$24,000—1971) deferred income taxes related thereto (note 2) - - - - -	36,178	23,263
As restated - - - - -	<u>2,369,226</u>	<u>2,009,950</u>
Net income for the year - - - - -	402,794	359,276
BALANCE AT END OF YEAR - - - - -	<u>\$ 2,772,020</u>	<u>\$ 2,369,226</u>

Notes to Consolidated Financial Statements

Year Ended December 31, 1972

WOSK'S LTD. and Subsidiary Company

1. Basis of Consolidation

The consolidated financial statements for the year ended December 31, 1972 include the accounts of Wosk's Ltd. and its 75% owned subsidiary, Whistler Mountain Holdings Ltd.

2. Fixed Assets and Depreciation Policy

	1972			1971
	Cost	Accumulated depreciation	Net	(Restated) Net
Land	\$ 3,386,657	\$ —	\$ 3,386,657	\$ 2,655,218
Buildings	7,234,086	268,271	6,965,815	4,533,859
Equipment, fixtures and furnishings	829,669	248,938	580,731	485,815
Automotive equipment	126,005	57,450	68,555	61,972
Leasehold improvements	104,036	17,911	86,125	92,191
	<u>11,680,453</u>	<u>592,570</u>	<u>11,087,883</u>	<u>7,829,055</u>
Construction in progress	5,877,191	—	5,877,191	1,561,521
	<u>\$17,557,644</u>	<u>\$ 592,570</u>	<u>\$16,965,074</u>	<u>\$ 9,390,576</u>

In 1972, the company adopted the policy of providing depreciation on a service life basis. In prior years, the company provided depreciation at maximum rates allowed for income tax purposes, except for depreciation on buildings and contents acquired or constructed during the year. In these cases, depreciation was provided on a straight-line basis only from the date of acquisition or the date when the building became operational.

The effect of this change in depreciation policy has been to reduce depreciation in the current year by approximately \$42,000 and increase net income by approximately \$22,000 after provision for deferred income taxes. Since this change has been applied retroactively, retained earnings at December 31, 1970 has been increased by \$47,263, less \$24,000 deferred income taxes related thereto. The comparative figures for 1971 have been restated to reflect this change.

3. Bank Loans

Bank loans are secured by a general assignment of accounts receivable and a \$20,000,000 debenture having specific first and second charges on various properties of the company. Included in non-current bank loans are certain advances and construction accounts payable which will ultimately be financed from proceeds of term bank loans.

4. Long-Term Debt

Mortgages payable bear interest at rates varying from 6¾% to 11%, are secured by specific first charges on various properties of the company, and have maturity dates from 1975 to 1997.

Notes payable bear interest at 9½% and 10½% per annum and are due December 31, 1974.

Principal due within each of the next five years is approximately:

1973	-	-	-	-	-	\$375,000
1974	-	-	-	-	-	\$675,000
1975	-	-	-	-	-	\$695,000
1976	-	-	-	-	-	\$715,000
1977	-	-	-	-	-	\$740,000

5. Income Taxes

The company follows the practice of charging earnings with income taxes currently payable and also with income taxes deferred by claiming capital cost allowances in excess of depreciation recorded in the accounts. In 1972, as in previous years, the company is claiming for income tax purposes interest capitalized with respect to construction in progress. The accumulated total of such income tax deferments is reflected in the balance sheet as "Deferred income taxes."

The company also claims for income tax purposes interest capitalized on land held for future development. As a result of this practice, which does not affect the determination of deferred income taxes, current taxes payable are reduced.

6. Long-Term Leases

Certain store premises occupied by the company are leased under agreements expiring from 1974 to 1981. In 1972, annual rentals under these agreements were approximately \$100,000. However, rentals payable under some of these agreements are based on a percentage of annual sales, and are not determinable in advance.

7. Directors' Remuneration

Aggregate remuneration paid to directors as directors and officers of the company was \$80,527 for 1972 and \$62,410 for 1971.

Auditors' Report

To the Shareholders of Wosk's Ltd.

We have examined the consolidated balance sheet of Wosk's Ltd. and subsidiary company as at December 31, 1972 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1972 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in depreciation policy referred to in note 2 to the financial statements, on a basis consistent with that of the preceding year.

THORNE GUNN & CO.
Chartered Accountants.

Vancouver, British Columbia
February 14, 1973.



Hotel Division

The major news during 1972 was the acquisition of The Villa, Burnaby. This fine hotel with its 94 well-appointed rooms, the popular indoor and outdoor swimming pools, attractive patio gardens and experienced staff will add real strength to this division of your Company. It will soon be known as the Sheraton-Villa Inn and John Dye will continue to manage the operation.

Of the other two hotels, the Sheraton-Plaza 500 continues to exceed projections. Its excellent reputation in the City and among out-of-town visitors is growing rapidly. John Hale is our Manager there.

Completion of our downtown hotel, the 41-storey Sheraton-Landmark, has been unavoidably delayed by the elevator companies' strike. Limited facilities were opened in January, 1973 and we now estimate that the hotel, complete with its revolving restaurant, will be operating fully within a few months of the commencement of work on the elevators. General Manager of the Sheraton-Landmark is Read Hayden assisted by Ron Ware.



Retailing Division

In the brief span of four years as a public Company the Retail Division of Wosk's Ltd. has grown steadily. 1972 revenue increases were the result of maintaining market share in certain areas and expanding in others.

In the extremely competitive area of white goods, (refrigerators, ranges, laundry equipment) and home entertainment merchandise, your Company continued to maintain its market position. Heavy emphasis was successfully placed in building the furniture share of the market. This together with the trend of increasing disposable income and the tendency for people to upgrade their merchandise purchases, has added to the profitability of our business.

The success of Wosk's Ltd. policies can be seen in the ever-increasing number of customers who daily visit our stores. Our central warehouse has permitted larger quantity purchases and your Company has taken advantage of this throughout the year and passed the savings on to our customers.

Constant attention is given to cost control and internal management of this rapidly expanding division. New computer techniques have evolved in handling our growing number of customers who purchase under time payment plans. In order to interpret product profitability, the sales of all merchandise is tabulated by computer. This gives Company buyers valuable information in selecting the most profitable lines.

Our future plans include continued emphasis on expansion of our retail locations outside the Vancouver lower mainland. Special attention will be placed on implementing the latest concepts in the mass merchandising of home furnishings. Though your Company has not previously expanded its retailing division through acquisitions of existing retailing operations, we will examine each opportunity as it becomes available.

Real Estate Division

Income properties comprise a hotel adjoining the main Vancouver store which is leased; suites, stores and offices which form part of the buildings containing Wosk's stores in Burnaby and New Westminster; five stores on a property on Columbia Street in New Westminster and a 73-suite apartment block located at the main entrance to the University Endowment Lands in Vancouver.

Future Developments

Construction has begun on a 143,000 sq. ft. single-storey warehouse in Richmond, B.C. Richmond is a suburb of Vancouver, and is one of the fast-developing residential areas around the city. The property is located near shopping centres and housing developments on a major thoroughfare. It is comprised of six acres of land and trackage.

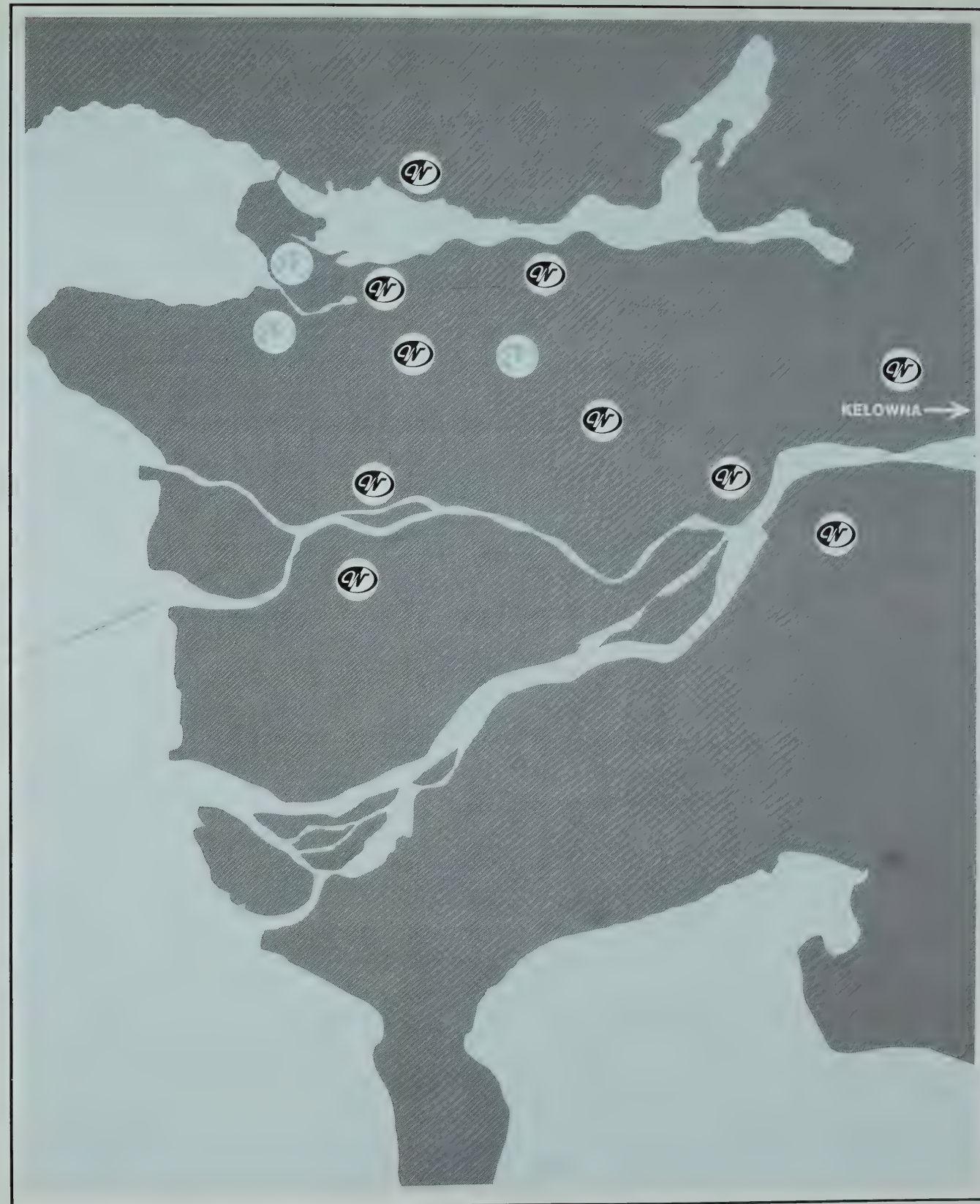
It is the Company's intention to utilize the major portion of the building, and the remainder would be available for lease through the Wosk's Ltd. Real Estate Division, subject to the future needs of the Retail, Wholesale and Warehousing divisions.

Over five acres of land have also been acquired near Vancouver International Airport. This land will be held for a potential hotel and commercial development. No decision has been made to proceed with any project at this time. Market analysis and project concepts are now being studied.



Your Company continues to hold its 75% interest in Whistler Mountain Holdings Ltd., which owns 41 acres of land in Garibaldi, B.C. No decision has been made on this development site to date.

Wosk's Ltd.

An expanding presence on the West Coast

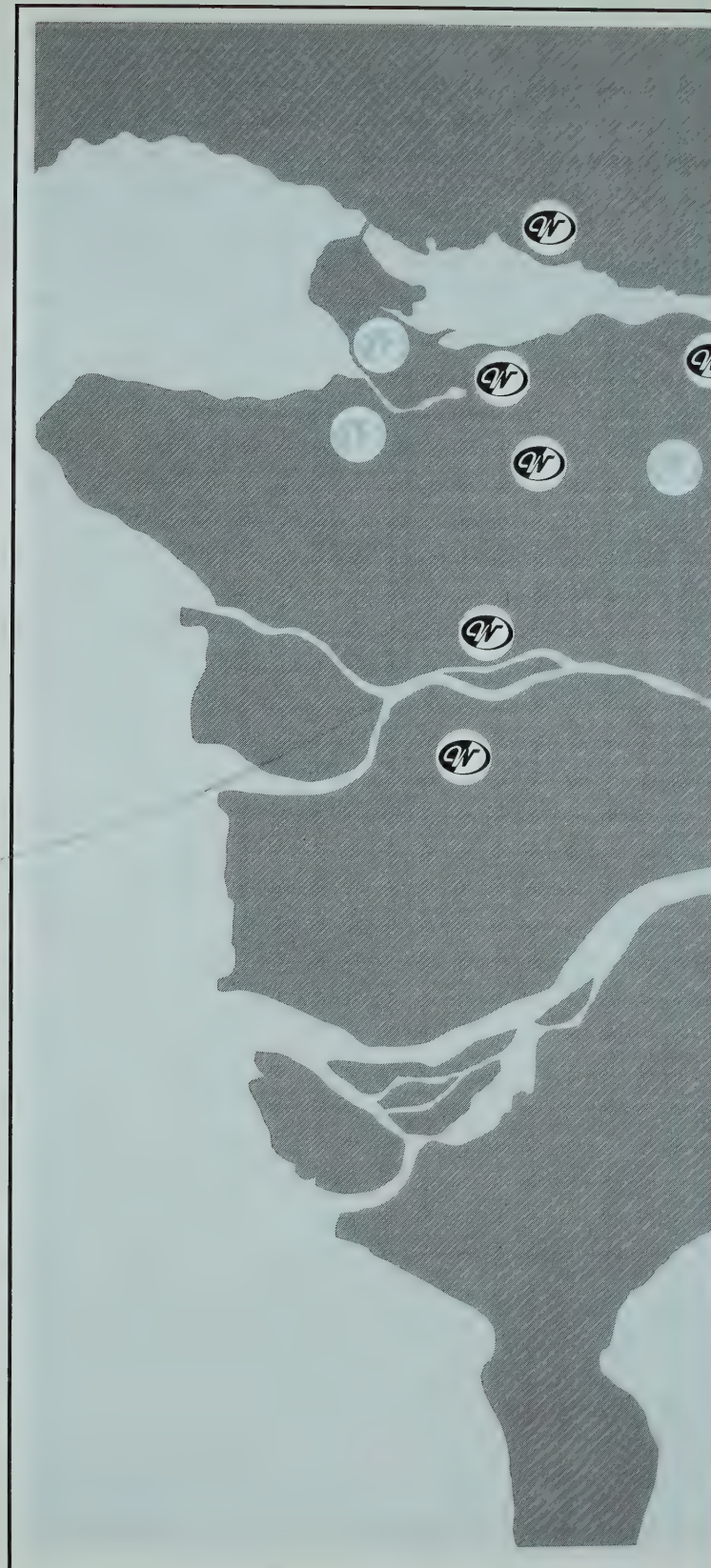
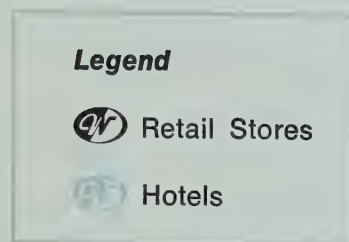


Legend

-  Retail Stores
-  Hotels

Wosk's Ltd.

An expanding presence on the West Coast







WOSK'S LTD.

Notice of Annual General Meeting of Shareholders

Take notice that the annual general meeting of shareholders of Wosk's Ltd. will be held at The Sheraton-Landmark Hotel, 1400 Robson Street, Vancouver, B.C. on Tuesday the 24th day of April 1973 at the hour of eleven o'clock in the forenoon for the purpose of considering the directors report, auditors report and financial statements, election of directors, appointment of auditors and transacting any other business properly coming before the meeting and also for the purpose of transacting the following business:

To consider and adopt with or without amendment the following as a special resolution:

"Resolved that the company be authorized under Section 152 (1) (c) of the Companies Act to make loans to persons other than directors bona fide in the employment of the company with a view to enabling those persons to purchase fully paid shares in the company to be held by themselves by way of beneficial ownership."

Vancouver, B.C., March 30, 1973.

By order of the Board

Carol K. Young
Secretary

Note: Shareholders not planning to attend the meetings are requested to sign and return the enclosed form of proxy in the envelope provided for that purpose. To be effective the completed form of proxy must be delivered to the company's agent, Montreal Trust Company, 466 Howe Street, Vancouver B.C. at least 48 hours before the meeting.

WOSK'S LTD.

INFORMATION CIRCULAR

Solicitation and Revocation of Proxies

Proxies are being solicited by management of Wosk's Ltd. for use at the annual general meeting of the company to be held April 24, 1973 or as adjourned. Solicitation will be by mail and the cost will be borne by the company.

Anyone who gives a proxy may revoke it at any time before it is acted on.

Voting Shares and Principal Holders

The company has one class of shares. Each share carries one vote. 750,000 shares are outstanding. Shareholders of record at the time of the meeting will be entitled to one vote per share.

Beneficial owners of more than 10% of the issued shares of the company are:

Name	Number of Shares	Percentage of Outstanding Shares
Ben Wosk	450,000	60%
Stan-Ken Investments Ltd.	150,000	20%

Note: Stan-Ken Investments Ltd. is a private B.C. corporation all of whose issued shares are beneficially owned by Ben Wosk's children.

Election of Directors

The board consists of eight directors. It is intended to increase that number to nine. The nominees (each of whose term will expire at the next annual general meeting) are listed below. All but F. Ross Johnson are presently directors.

Name	Position with Company	Principal Occupation During Past 5 Years	Director Since	Number of Shares Beneficially Held
Sam S. Bass	Director	President of London Drugs Ltd. Since 1968 vice-president of Daylin Inc.	1970	1,400
Jack Diamond	Director	President of B.C. Turf Ltd.	1969	3,500
Cal V. Hutchinson	Director	Until April 30/71 Assistant General Manager, The Bank of Nova Scotia. As of July 1/71, Special Representative, Pitfield Mackay, Ross & Co. Ltd. Vancouver	1971	Nil

Name	Position with Company	Principal Occupation During Past 5 Years	Director Since	Number of Shares Beneficially Held
F. Ross Johnson	None	1968 to 1971 Executive Vice President and director GSW Limited/Limitee, July to November 1971 Group Executive vice-president Standard Brands Limited then through 1972 President and Chief Operating Officer Standard Brands Limited. Since January 1973 President and Chief Executive Officer Standard Brands Limited	—	1,000
George S. MacDonell	Director	To November 1970 Vice President Canadian General Electric Co. Ltd. From November 1970 to August 1972 Group Vice President GSW Limited/Limitee. From August 1972 to date President and Chief Executive Officer GSW Limited/Limitee	1973	100
Capt. H.J.C. Terry	Director	President of Potter Distilleries Ltd. and Northlander Motor Lodge Ltd.	1970	1,000
Ben Wosk	Director, President and Chief Executive Officer	President and Chief Executive Officer of Wosk's Ltd.	1940	450,000
Larry Wosk	Director	Vice President Planning & Development of Wosk's Ltd. Student prior to 1969	1969	Nil
Carol Kayla Young	Director and Secretary	Housewife, Secretary of Wosk's Ltd. 1967 to date	1965	Nil

L. Wosk and C.K. Young each beneficially own one fifth of the issued shares of Stan-Ken Investments Ltd.

Remuneration

Aggregate direct remuneration paid or payable by the company and its only subsidiary (Whistler Mountain Holdings Ltd.) to directors and senior officers for the year ended December 31, 1972 is \$147,032.

Interest of Management and Others in Material Transactions

In August 1971 the company completed construction of and opened an hotel at 12th Avenue and Cambie Street in Vancouver now known as Sheraton-Plaza 500. The land on which the hotel is built is owned by the company and was acquired partly from Stan-Ken Investments Ltd. ("SKI") and partly from Ben Wosk for the cost to SKI and Ben Wosk. The cost to SKI was \$154,313 and that amount will be paid by the end of 1974. Interest at 10½% a year is payable annually. The debt is evidenced by promissory note. The cost to Ben Wosk was \$37,022 and that amount has been paid in cash.

The company has nearly completed construction of the Sheraton-Landmark Hotel at 1400 Robson Street in Vancouver. Some of the facilities are operating but completion is dependent on installation of elevators. The installers have been on strike for several months. Part of the land on which the hotel is built was acquired by SKI in an arms length transaction and transferred to the company for \$300,000 which was SKI's cost. That \$300,000 has been paid by the company. The remainder of the land was bought by the company in arms length transactions and fully paid for by the company.

The company built and owns a seventy-three suite apartment building on West 10th Avenue in Vancouver. The land was acquired from SKI for \$212,375 which was SKI's cost. Payment to SKI is to be made by the end of 1974. Interest at 9½% a year is payable annually. The debt is evidenced by promissory note.

Appointment of Auditors

The proxies being solicited will be voted in favor of reappointment of Thorne Gunn & Co., Chartered Accountants, as auditors of the company to hold office until the next annual general meeting.

Thorne Gunn & Co. (as successors to Thorne, Gunn, Helliwell & Christenson) have been auditors of the company for more than five years.

Special Resolution

Some employees have inquired about the possibility of acquiring shares of the company. No decision has been taken as to whether or what kind of plan should be adopted and no authorization has been sought or received from regulatory authorities. The company believes it proper to ask the shareholders for the basic authorization and it is for that purpose that the special resolution contained in the notice calling the meeting has been proposed. If and when it is decided to adopt a plan, authorization will be sought from the regulatory authorities as required.

How Proxies will be Voted

As to approval of the report of the directors and the financial statements for the year ended December 31, 1972 and as to adoption of the special resolution each proxy will be voted in accordance with the instructions given on the proxy. If no instruction is given the proxy will be voted in favor of approval and adoption.

Management does not know of any business to be brought before the meeting other than those matters listed in the notice convening the meeting. If any other business is properly brought before the meeting each proxy will be voted in accordance with the best judgment of the person who votes the proxy.

By order of the Board

Carol K. Young
Secretary

Vancouver, B.C., March 30, 1973.